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Information about Financial Instruments

A. Important Information

The following information is intended only for clients of Virtu Europe Trading Limited (**VETL**) that are classified as either Professional Clients or Eligible Counterparties, as per Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (**MiFID II**). VETL does not engage in business with Retail Clients.

This document provides a description of the nature and risks of financial instruments in respect of which VETL may offer services to you, in accordance with the requirements of Article 24(4) of MiFID II and Article 48 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 (**MiFID Org Regulations**). The information contained herein cannot disclose everything about the nature and risks of all financial instruments in respect of which VETL provides services. Rather, the below is a general description of the nature and risks of different categories of financial instruments.

Investors must not rely exclusively on the information contained herein to take investment decisions and should not consider it as investment advice or investment recommendation. The risks described in this document can occur simultaneously and may have unpredictable effects on the value of your investments. All financial instruments contain a certain degree of risk and even “low-risk” investment strategies may contain an element of uncertainty. The relevant risks thus depend on diverse factors including the way the financial instrument was issued or structured and broader market conditions. Any investment may lead to capital losses. In some cases, you may lose more than the capital invested (if any) and, when dealing in certain investments, you may incur potentially unlimited losses. In addition, you may also have to pay commission or other transaction charges.

This document is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument.

Please note that VETL does not manufacture financial instruments, nor does VETL provide investment advice in respect of financial instruments. When dealing in financial instruments, VETL only does so in the capacity of agent on behalf of its clients in accordance with its Order Execution Policy and with the instructions of such clients.

B. Financial Instruments Risks

Equities

Equity Shares or Stocks represent an equity investment (part ownership) in a corporation and entitles the owner of the equity to part of that corporation's earnings and assets. Common stock gives shareholders voting rights but does not provide any guarantee of direct participation in the profits via dividends. Equity Shares can expose the holder to the fortunes of the corporation with the value of the share reflecting capital growth, or decreases, rising or falling, often quickly, reflecting the financial performance of the corporation as well as supply and demand for the share in the open market.

Owners of Equity Shares have limited liability, creditors cannot pursue individual shareholders to satisfy any claims against the corporation and therefore the maximum a shareholder stands to lose is the capital they invested (paid) to acquire the shares.

Equity Shares can be issued in multiple classes, each with clearly defined rights, such as preferred shares, common shares, none-voting shares and others.

Equity Shares should be considered as high risk and long-term investments. Owners may lose their entire capital when investing in this asset class.

Markets for trading Equity Shares can be volatile and are sensitive to a broad range of geo-political and micro/macro-economic developments and indicators, consequently the value of an Equity Share can be outside the control of the corporation.

There is no guarantee that an existing Equity Share holding can be sold immediately on the market, uncertain supply and demand (referred to as liquidity risk) may make it impossible to withdraw (sell) from such an investment resulting in partial or total loss of the investment amount.

Foreign Exchange (FOREX/FX Trading)

Foreign Exchange is the trading of one currency for another and is the largest financial market. The value of any currency is always expressed relatively to another currency and changes constantly.

The price of a currency versus another is linked primarily to the macro economic situation of the currencies home nation, particularly interest rate levels, as well as other geopolitical events.

Bonds and debt securities

A bond is a security which represents the debt of an issuer to an investor. When an investor buys a bond, the investor is, in effect, lending a sum of money to the issuer of the bond which constitutes a debt that must be repaid when due (i.e. the maturity) in accordance with the relevant issuing documentation. Purchasers of debt securities are usually entitled to receive specified periodic interest payments (i.e. a coupon), as well as repayment of the principal amount of the debt securities at maturity.

Dealing in debt securities, such as bonds, may involve risks including but not limited to the following:

(i) **Issuer default risk**

Holdings in debt securities generally risk not being remunerated only if the issuer is in a state of financial distress. The solvency of an issuer could be dependent on a range of factors such as the solvency and credit rating of its parent company and the issuer itself, its business sector, political and economic factors within countries relevant to its operations. The factors may in turn affect the price of, and demand for, the debt securities in the markets (e.g. a reduced credit rating of the issuer leading to a fall in the value of its debt securities).

(ii) **Interest rate risk:**

Uncertainty regarding interest rate movements could increase the volatility of the value of debt securities. Debt securities with a lower coupon rate have higher price volatility and therefore carry a higher risk of capital loss if sold prior to maturity.

(iii) **Early redemption risk**

Certain debt securities may contain provisions in their terms permitting early redemption of the debt securities (for example, in the context of falling interest rate markets), and such redemptions will likely impact the yields achievable on the debt securities.

(iv) **Convertible and exchangeable debt securities:**

Debt securities may be convertible into equity securities or cash payments linked to the value of specific equity securities of the issuer or exchangeable into equity securities of another entity. These securities include an embedded equity derivative which may subject the debt security to risks applicable to derivative products (please see description below) and amplify any losses whilst continuing to be subjected to typical risks attached to debt

securities. Upon conversion or exchange, an investor may be affected by the risks arising from equity securities (as described above). Conversions or exchanges into equity may be subjected to certain conditions (including specified time periods) and hence it may be difficult to realise the investment at the most profitable time.

Derivatives Transactions – General

A derivative is a financial instrument, the value of which is based on market parameters and the nature of the underlying asset (which could be a single asset or a basket of assets). It is an agreement to exchange money, assets or some other value at a future point in time depending on predefined features.

An investment in derivatives may involve additional risks. These additional risks may arise as a result of the inability of a counterparty to perform with respect to transactions, whether due to its own insolvency or that of others, bankruptcy, market illiquidity or disruption, resolution or other action taken by a local regulator (including the bail-in of relevant liabilities) or other causes and whether resulting from systemic or other reasons.

To the extent that derivative instruments are utilised for speculative purposes, the overall risk of loss may be increased. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

Not all derivatives are effected on exchange. While some off-exchange markets are highly liquid, transactions in off-exchange or 'non transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

Examples of typical derivatives transactions are set out in paragraphs (i) to (v) below.

(i) Futures and Forwards

A party to a futures or forwards contract makes a commitment to receive or to deliver when due, a defined quantity of an underlying asset, at a price determined at the time the contract is agreed, or in some cases to settle the position with cash.

Dealing in futures and forwards may carry a high degree of risk, including but not limited to the following:

(a) Effect of leverage or gearing: The 'gearing' or ' leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against an investor as well as for an investor. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in the paragraph entitled "Contingent Liability Investment Transactions" below.

(b) Market risk: The length of a futures or forwards contract is typically fixed on the trade date and therefore timing is an important component impacting performance of the product. Between the date on which the futures or forwards contract is entered into and the settlement date of that contract, the value of the transaction may vary positively or negatively as a result of changes in market factors such as the price of the underlying asset, interest rates, dividends, and volatility.

(ii) Options

Transactions in options involve one of the parties having the right (but not the obligation) to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle your position with cash. There are many different types of options with different characteristics and transactions in them are subject to conditions and risks, including the following:

(a) Buying Options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures or forward contract and you later exercise the option, you will acquire the future or forward. This will expose you to the risks described under 'futures and forwards' (described at (i) above) and the paragraph entitled

"Contingent Liability Investment Transactions" below . If the price of the underlying asset moves in your favour, buying an option provides you with a greater exposure to the change in value than if you had invested in the asset itself.

(b) Writing Options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as 'covered call options') the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

(iii) Swaps

A swap is a derivative instrument whereby two counterparties exchange one stream of cash or payment flows against another stream, calculated by reference to an "underlying." Swaps can be traded on a very large scope of underlying assets, such as securities' indices, bonds, currencies, interest rates, commodities or more intangible items such as volatility or correlation.

For example, an interest rate swap generally involves one party paying the other a variable rate of interest in exchange for payment by the other party of a fixed rate of interest, each calculated on the same notional amount.

The party that pays the variable rate of interest will be exposed to the risk of a rise in the variable interest rate but will benefit from a fall in that interest rate. The receiver of the variable rate of interest will be exposed to the risk of a fall in the variable interest rate but will benefit from a rise in that interest rate. The risks involved will be similar those set out in the paragraph entitled "Contingent Liability Investment Transactions" below.

(iv) Contracts for Difference (CFDs)

A CFD a derivative agreement to exchange the difference between the purchase price and the selling price of an underlying asset. These can be options or futures on the FTSE 100 index, any other index or the value of assets of any description, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option and investors should be aware of these risks as set out above. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this as set out in the paragraph entitled "Contingent Liability Investment Transactions" below.

(v) Structured Products

Structured Products form a broad range of synthetic investment and hedging instruments custom made to meet the specific needs off clients that cannot be met using standardised products available on the market. Structured products provide economic exposure to a wide range of underlying asset classes. The level of income/capital growth derived from a structured product is usually linked to the performance of the relevant underlying asset(s). The range of products may include those where the return is linked to an index or indices, a basket of securities or other specified factors which relate to one or more of the following: equity or debt securities, interest rates, currency exchange rates or commodities.

The potential return from the structured product may be different to that which may be achieved as compared to directly holding the underlying asset. These instruments may involve a high degree of gearing or leverage, so that a relatively small movement in the relevant index/indices, basket or other specified factor(s) results in a disproportionately large movement, unfavourable or favourable, in the amount paid on maturity of the investment.

Certain structured products provide capital protection while others provide conditional or no capital protection. It may be difficult to liquidate or sell an investment of this type, or to identify an independently determined fair valuation for an interest in this kind of vehicle.

Contingent Liability Investment Transactions

A contingent liability transaction is a transaction under the terms of which you will or may be liable to make further payments (other than charges) when the transaction falls to be completed or upon the earlier closing out of your position. These payments may or may not be secured by an amount in money (or represented by securities) deposited with a counterparty or a broker as a provision against loss on transactions made on account.

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract. Margined transactions involve the possibility of greater loss than transactions for which you are not borrowing money. If the value of the assets in your account falls, you may be required to deposit additional assets to secure your loan. Alternatively, your assets may be sold to pay down or pay off the loan without prior notice to you and at a loss or at lower prices than under other circumstances. You remain solely liable for any deficiencies arising from such sales. Contingent liability transactions which are not traded on or under the rules of a regulated market may expose you to substantially greater risks.

C. General Risks

Economic, geo-political, legal and regulatory and other macro-factors could all have a potential impact on the value of a particular investment, even when seemingly not directly associated with the security in respect of which you have made your investment.

Investors should also be aware of the functioning of the markets in which they are participating. Certain securities may become illiquid, or trading in particular markets may become suspended from time to time, making it difficult or impossible to liquidate a position. The insolvency of counterparties, issuers or other participants in the market may lead to an investor’s position being liquidated without their consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash.

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Every investment carries with it the risk that the investor may get back less than they invested. It is also generally accepted that the higher the potential return the higher the risk the investor will have to take. Consequently, investors should always consider how much risk is inherent in any asset class and how much risk they are prepared to take in order to achieve a financial outcome over a given time horizon.

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